

# State Education Fund and K-12 Public School Funding



## HOUSE AND SENATE EDUCATION COMMITTEES

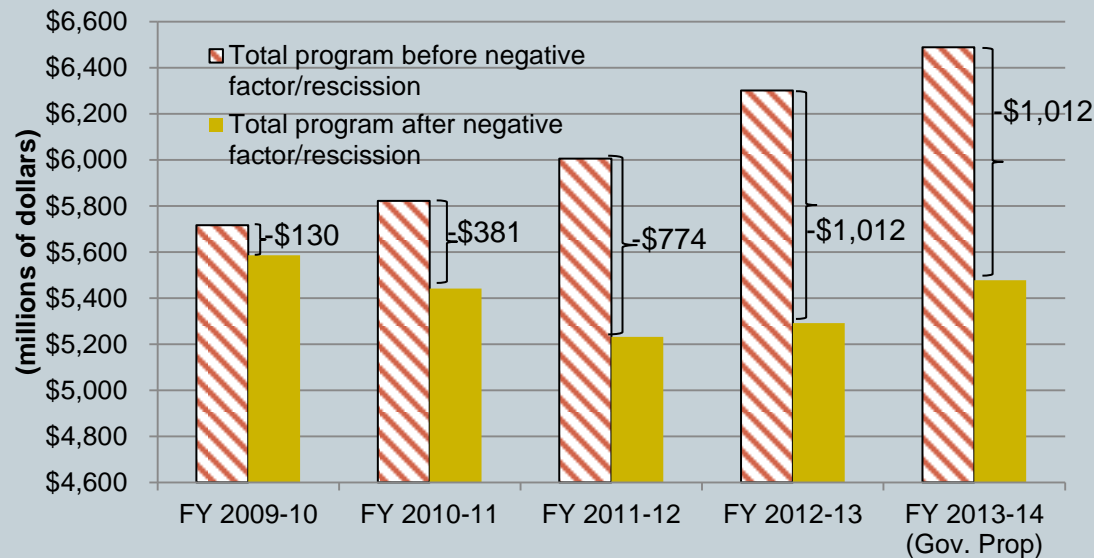
TODD HERREID  
FISCAL DIRECTOR  
LEGISLATIVE COUNCIL STAFF  
JANUARY 23, 2013

[TODD.HERREID@STATE.CO.US](mailto:TODD.HERREID@STATE.CO.US)  
303-866-2633

[WWW.COLORADO.GOV/LCS](http://WWW.COLORADO.GOV/LCS)

# Overview of K-12 School Finance

## K-12 Funding Trends and the Negative Factor

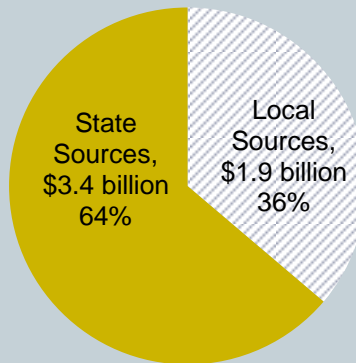


- Negative factor has increased from 6.6% to 16.1%, reaching \$1.0 billion in FY 2012-13
- Per pupil funding has dropped from 7,242 in FY 2009-10 to \$6,479 (-\$763) now
- Governor's proposal for FY 2013-14 is to increase per pupil funding by \$185 and hold the negative factor at the prior year's dollar amount of \$1.0 billion



# Overview of K-12 Public School Funding

## Sources of Funding for K-12 School Finance (\$5.3 billion in FY 2012-13)



**State Sources:** \$3.4 billion (64%)

General Fund: \$2.9 billion ( 84%)

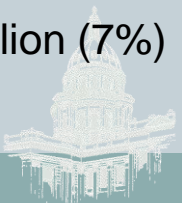
**State Education Fund:** \$337 million (10%)

State Public School Fund: \$190 million ( 6%)

**Local Sources:** \$1.9 billion (36%)

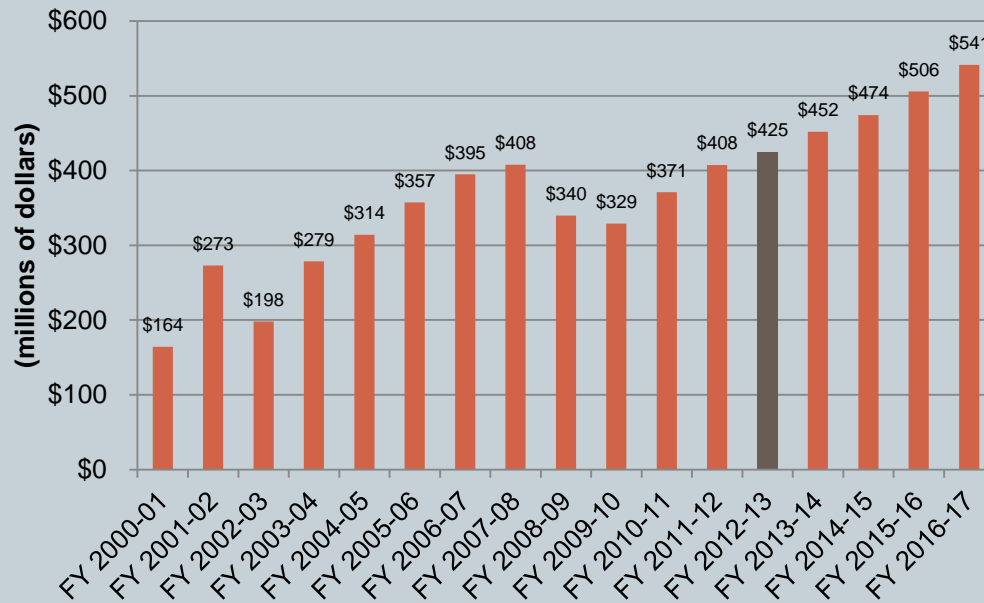
Property Taxes: \$1.8 billion (93%)

Spec. Ownership Taxes: \$128 million (7%)



# Overview of the State Education Fund

- Created with passage of Amendment 23 in 2000
- Receives about 7.2% of state income tax revenue, amounting to **\$425 million** in FY 2012-13

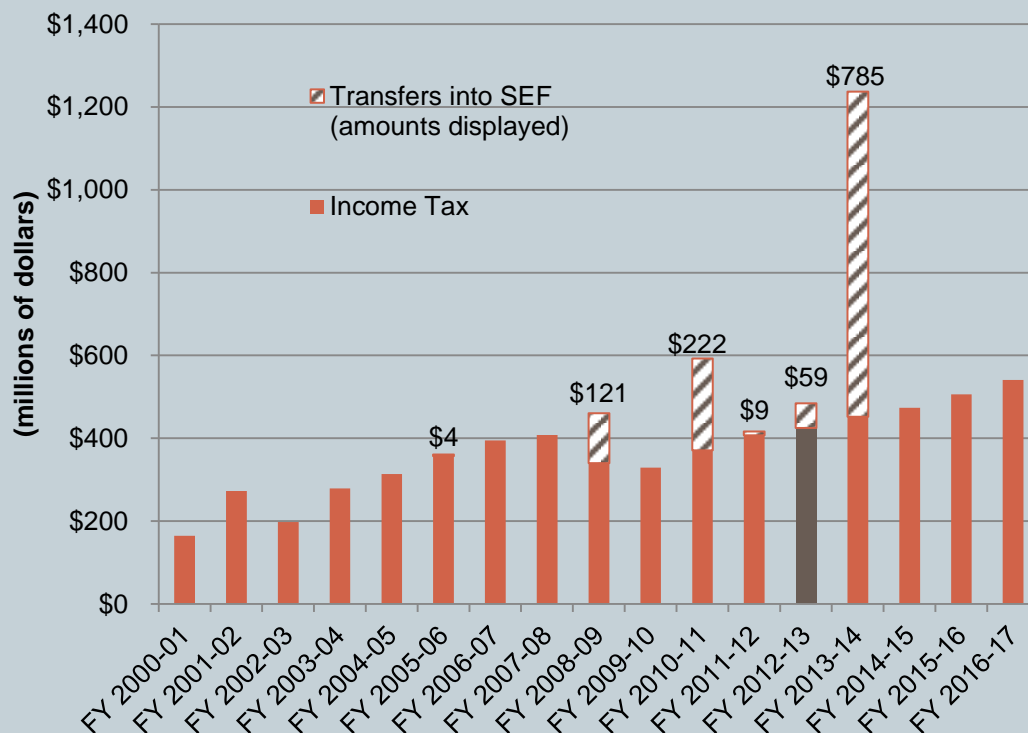


- **Money must be used for education-related purposes, as specified in the constitution; amounting to \$503 million in FY 2012-13**
- A fund balance of **\$118 million** is estimated at the end of FY 2012-13



# Overview of the State Education Fund

Other transfers of money into the State Education Fund have occurred in the last several years



•During FY 2013-14, HB 12-1338 will transfer \$785 from the General Fund to the State Education Fund



# Overview of the State Education Fund

## Estimated State Education Fund Balance (millions of dollars)

	FY 2012-13	FY 2013-14
Beginning Balance	\$133.8	\$117.6
Income tax and other deposits	\$487.0	\$1,248.8
<b>Total available revenue</b>	<b>\$620.8</b>	<b>\$1,366.4</b>
<b>Total Expenditures from SEF</b>	<b>\$503.2</b>	<b>??</b>
School Finance	\$337.5	??
Categorical Programs	\$102.5	\$106.6
Other education programs		
Charter school capital construction	\$6.0	\$6.0
Counselor Corps	\$5.0	\$5.0
CSAP	\$15.9	\$15.9
Facility Schools	\$14.5	\$14.8
Full-Day Kindergarten Hold-Harmless	\$6.9	\$6.9
Early Literacy Assessment	\$3.0	\$3.0
Basic Skills Assessment	\$1.0	\$0.3
Educator Effectiveness	\$7.0	\$0.7
BOCES Assistance	\$1.3	\$1.3
Reduced-price lunch	\$0.9	\$0.9
Other programs	\$1.8	\$1.8
<b>Subtotal</b>	<b>\$63.3</b>	<b>\$56.6</b>
<b>Ending Balance</b>	<b>\$117.6</b>	<b>??</b>

- FY 2013-14 revenue includes projected tax revenue and a \$785 million transfer

- FY 2013-14 expenditures are subject to approval by the General Assembly; the Long Bill typically funds *current law* requirements for school finance, categorical programs, and other programs. The school finance bill may change those amounts.



# Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

In FY 2013-14, local share is expected to increase by \$57 million, while the amount from the State Public School Fund will decrease by \$114 million

Possible school finance funding options in FY 2013-14:

1. Increase statewide average per pupil funding by inflation (\$6,590), with General Fund increase each year
2. Increase statewide average per pupil funding by inflation (\$6,590) with no General Fund increase in FY 2013-14, but General Fund increases thereafter
3. Increase per pupil funding to \$6,659, with no General Fund increase in FY 2013-14, but General Fund increases thereafter

Options assume that the State Education Fund balance will be reduced to \$100 million by the end of FY 2016-17 with the General Fund contribution set at a fixed annual growth rate to achieve the ending balance

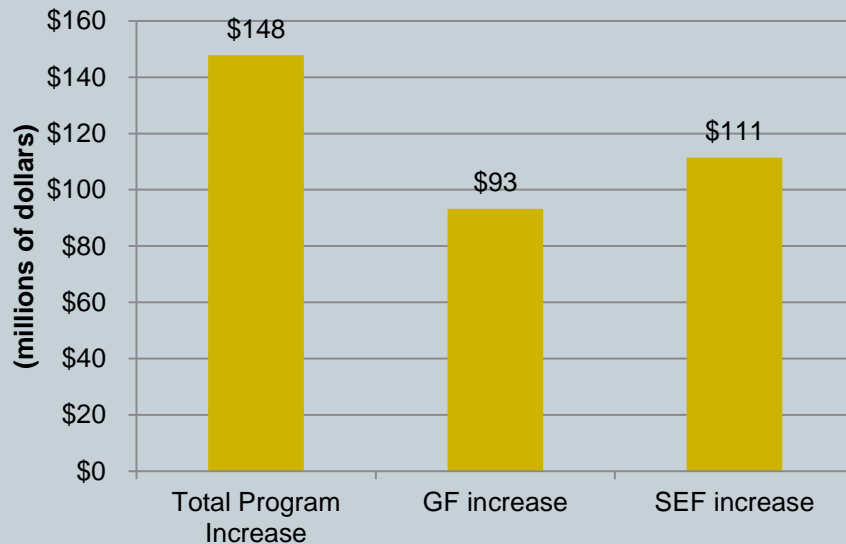
Assumes supplemental school finance bill passes, raising per pupil funding to \$6,479



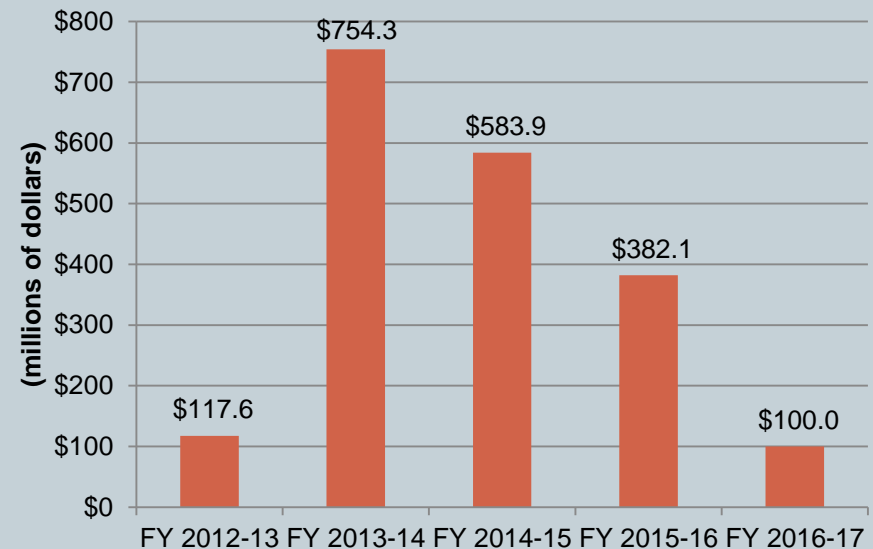
# Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

Option 1 – Per Pupil Funding increases by inflation in FY 2013-14 (\$6,590) and each subsequent year, with constant General Fund growth each year

**Change from FY 2012-13 to FY 2013-14**



**State Education Fund Balance**



Note: Requires 3.3% growth in General Fund contribution for the next four fiscal years (\$93 million increase in FY 2013-14)

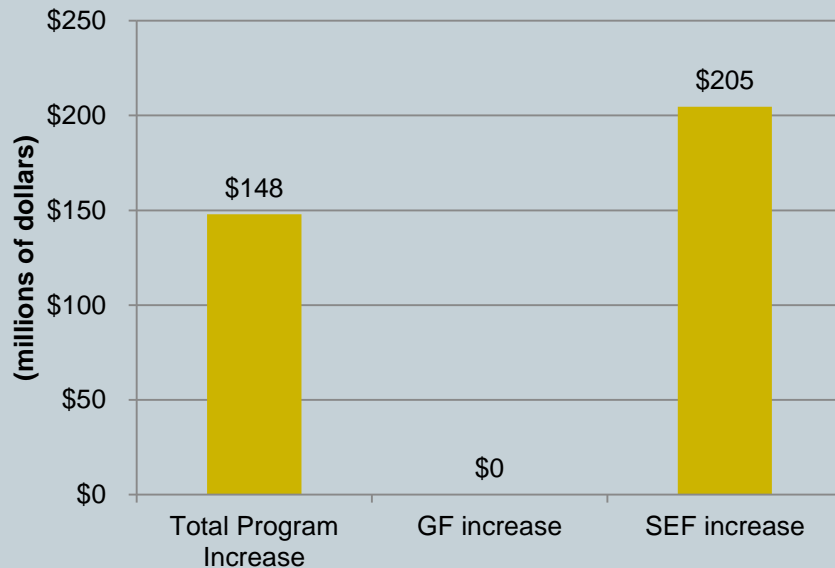




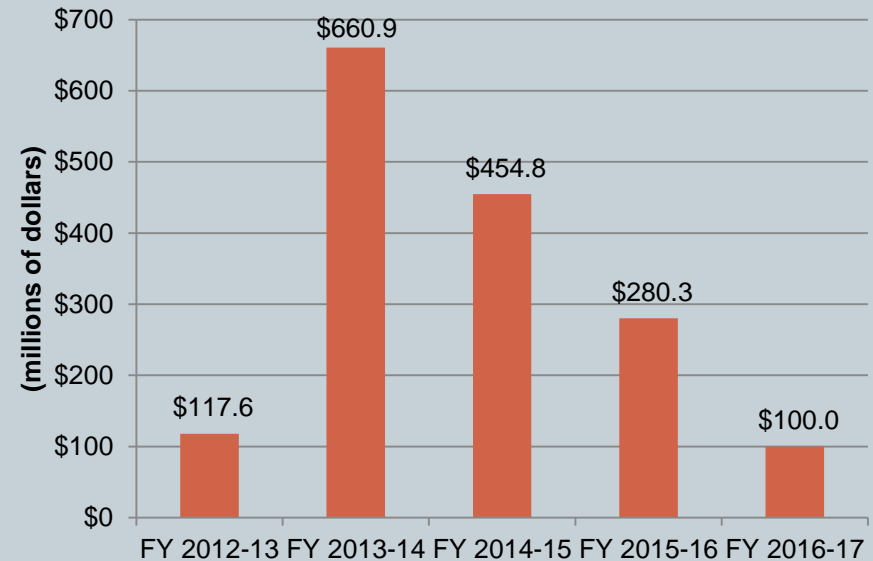
# Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

Option 2 – Per Pupil Funding increases by inflation in FY (\$6,590) and each subsequent year, with no General Fund increase in FY 2013-14

**Change from FY 2012-13 to FY 2013-14**



**State Education Fund Balance**



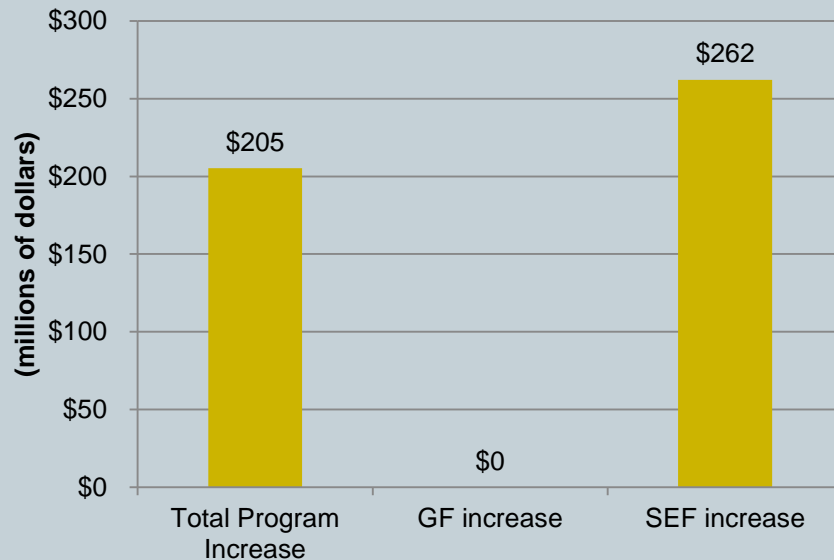
Note: Requires 5.5% growth in General Fund contribution to K-12 in FY 2014-15, FY 2015-16, and FY 2016-17; (\$157 million increase in FY 2014-15)



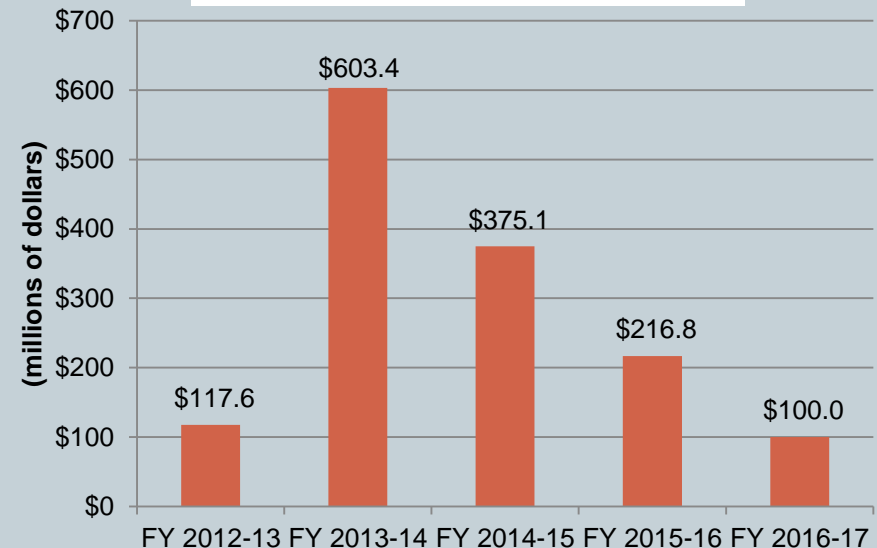
# Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

Option 3 – Increase Per Pupil Funding to \$6,659 in FY 2013-14 and by inflation in subsequent years, with no General Fund increase in FY 2013-14

**Change from FY 2012-13 to FY 2013-14**



**State Education Fund Balance**



Note: Requires 6.8% growth in General Fund contribution to K-12 in FY 2014-15, FY 2015-16, and FY 2016-17; (\$195 million increase in FY 2014-15)

